LTCCC LONG TERM CARE COMMUNITY COALITION

Working to improve long term care through research, education & advocacy

HEALTH CARE FINANCING BRIEF

PROTECTING CURRENT & FUTURE NURSING HOME RESIDENTS AND THEIR FAMILIES: CHALLENGING CONVENTIONAL WISDOM ON THE COST OF MANDATING MINIMUM SAFE STAFFING

INTRODUCTION:

Concerns about growing healthcare expenditures, the rapidly aging baby boomer generation and the persistence of serious, widespread problems for nursing home residents all point to the urgent need to address problems in the nursing home system. Nursing home advocates know there is only one solution that can improve quality of care and significantly reduce unnecessary expenditures at the same time—invest in the workforce. At congressional hearings to mark the 20th anniversary of passage of the Nursing Home Reform Law (OBRA '87), Dr. Charlene Harrington, one of the leading researchers in this field, gave a simple explanation for the persistent poor quality of nursing home care: "the basic problem is that we have inadequate staffing levels." [1] As Dr. Harrington's and others' works have repeatedly shown, staffing levels are key to nursing home quality. Yet while we entrust nursing homes with our most frail loved ones, and provide them with significant public money to give good care, we do not require that they maintain the staffing levels needed to provide adequate care and prevent harm from neglect or abuse.

Skilled nursing facilities account for 15% of all Medicaid expenditures nationally, costing $5 billion more than regular payments for inpatient hospital expenditures.[2] Yet, as Senator Herb Kohl, Chairman of the Senate Special Committee on Aging stated, "in 2006, nearly one in five nursing homes nationwide were cited for poor care that causes actual harm to residents. Among a group of facilities studied in 1998 and 1999 that provided poor care, the agency found that nearly half have made no progress between that time and now." As Senator Kohl noted, "this is unacceptable." How can our nursing homes have such persistent, significant problems when so much of our money is invested in them to provide good care? Clearly, action is needed to bridge the gap between the level of care we are paying for and that which we are getting.

"the basic problem is that we have inadequate staffing levels."

Because so many nursing homes will not make the investment in the nursing home workforce on their own, it is crucial that our government leaders require that nursing homes have safe staffing levels. This brief describes how increasing nursing home staffing levels can not only lead to improved quality of life and quality of care, it can also result in cost-savings and increased financial efficiency.

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[1] Harrington C. "Efforts to Improve Nursing Homes" Testimony, Senate Special Committee on Aging. Washington DC. 2007 May 2. LexisNexis.

[2] Medicaid Expenditures for Selected Categories of Service by Category of Eligibility – January 2007 – March 2007. New York State Department of Health. 2007 Jun. Available at: http://www.health.state.ny.us/nysdoh/medstat/quarterly/aid/2007/q1/expenditures.htm

MEDICAID FRAUD AND OTHER OPPORTUNITIES TO CONTROL COSTS WITHOUT SACRIFICING RESIDENT SAFETY & DIGNITY:

In order to address nursing home quality and the cost of adequate care, we must first address persistent Medicaid fraud and other financial inefficiencies.

Medicaid Fraud

Medicaid fraud is not limited to fraudulent reporting. Medicaid fraud also occurs when providers, who take in tax payer dollars with the promise of providing good care and quality of life, fail to fulfill that promise. Hiring enough staff to care for the vulnerable residents is a key component of fulfilling this promise, yet it is all but completely overlooked in our oversight and accountability mechanisms. We would not permit nursing homes to take in residents and receive reimbursement if they did not have enough beds for the residents in their home. We would not accept excuses like "these are all the beds we could afford" or "we didn't know where to find any more beds" or "some of our beds broke" and allow nursing homes to put residents two or three to a bed and pass inspection and continue to be reimbursed. Likewise, we would not allow a facility to say that they only have enough fuel to heat half of their rooms, or enough food to feed some of their residents only one meal a day. We would be outraged. There would be an uproar in the press. Our political leaders would be demanding accountability. Our regulators would spring to action to stop payments and take immediate remedial action. Why then, knowing the critical role of staffing, do we allow nursing homes to continue "business as usual" when their resident care or quality of life is below legal standards (meaning that those vulnerable residents are suffering or even dying) and their staffing is below known safety levels?

If the Centers for Medicare and Medicaid Services (CMS) will no longer reimburse hospitals for treatment of medical errors, including hospital acquired infections, pressure ulcers and catheter associated urinary tract infections, then CMS should not reimburse nursing homes for adverse health outcomes caused by poor management, such as the failure to maintain adequate staffing levels.[3]

An increase of 30 to 40 minutes per day could result in an annual savings of $3,191 per resident.

Increase Staff to Decrease Costs

Contrary to prevailing presumptions, raising staffing levels also presents an opportunity to uncover additional cost savings. For example, experts have determined that adding staff can improve continence care, which brings significant savings in the cost of laundry

[3] Centers for Medicare & Medicaid Services. Medicare Program; Proposed Changes to the Hospital Inpatient Prospective Payment System. CMS01533-P. Available at: http://www.cms.hhs.gov/AcuteInpatientPPS/downloads/CMS-1533-P.pdf.

and diapers.[4] A study of RN staffing time found that an increase of 30 to 40 minutes per day could result in an annual savings of $3,191 per resident.[5] Increasing staffing levels can also decrease the costs associated with psychotropic drug use. Studies have shown that increasing staffing levels allows staff to interact with residents in a productive way that reduces the need for psychotropic drugs.[6] Decreasing the use of psychotropic drugs not only reduces the cost of drug use, but it can also help to prevent injurious falls, which frequently result in hospitalization (at considerable cost). A study found that patients hospitalized due to falls had 63% greater odds of exposure to antipsychotic medication.[7] Zolpidem, which was purported to be a safer sedative-hypnotic, was associated with a 95% increased risk of hip fracture.[8]

Increasing RN staffing levels results in improvement on several indicators of health outcomes such as continence care, mental health, pressure ulcers and unnecessary hospitalization. A report in *The Gerontologist* found that correcting unnecessary hospitalization of nursing home residents can result in a cost savings of $942,763,530 per year.[9] Increasing staff leads to healthier residents, and because the residents are staying out of the hospitals, the government and tax payers are saving money.[10]

Cost of Staff Turnover

A 45% turnover rate among 2.6 million long term care workers, results in a cost of approximately $4.1 billion per year.

The problem of high staff turnover in nursing homes is well-known. It affects the quality of care and adds significantly to labor costs. A meta-analysis of CNA, LPN and RN turnover rates found that they range widely. CNA turnover rates were found to range from a low of 14% to a startling 346% annually.[11] [Compare with an overall national average employee turnover rate of 14.4% annually, according to the Bureau of National Affairs.] The rule of thumb for the direct cost of turnover per employee is 25% of the employee's annual total compensation package. Applying a conservative 45% turnover rate to the 2.6 million long term care workers, with an average turnover cost of $3,500 per employee (again, a very conservative figure), results in a cost of approximately $4.1 billion per year.[12] However, further analysis suggests that the indirect costs of turnover may make our overall cost substantially higher. High turnover

[4] Rudder, Cynthia and Phillips, Charles. "91 Ideas for Reducing Costs, Enhancing Revenue, and Maintaining Quality in Nursing Homes" (1998).
[5] Dorr D, Horn S, Smout R. Cost Analysis of Nursing Home Registered Nurse Staffing Times. J Am Geriatr Soc. 2005;53:840-845.
[6] Hughes C, Lapane K, Mor V. Influence of Facility Characteristics on Use of Antipsychotic Medications in Nursing Homes. Med Care. 2000;38(12): 1164-1173.
[7] Mustard CA, Mayer T. Case-control study of exposure to medication and the risk of injurious falls requiring hospitalization among nursing home residents. Am J Epidemiol. 1997;145(8):738-745.
[8] Wang PS, Bohn RL, Glynn RJ, Mogun H, Avorn J. Zolpidem use and hip fractures in older people. J Am Geriatr Soc. 2001;49(12):1685-1690.
[9] Kayser-Jones JS, Wiener CL, Barbaccia JC. Facotrs contributing to the hospitalization of nursing home residents. The Gerontologist. 1989:29(4):502-510.
[10] Horn S, Buerhaus P, Bergstrom N, Smout R.. RN Staffing Time and Outcomes of Long-Stay Nursing Home Residents. Am J Nurs. 2005;105(11):58-70.
[11] Castle NG. Measuring Staff Turnover in Nursing Homes. Gerontologist. 2006;46(2):210-210.
[12] Seavey D. The Cost of Frontline Turnover in Long-Term Care. Better Jobs Better Care. 2004. Available at: http://www.bjbc.org/content/docs/TOCostReport.pdf.

rates are highly correlated with a decrease in quality of care, decline in productivity and damage to the nursing home's reputation.[17]

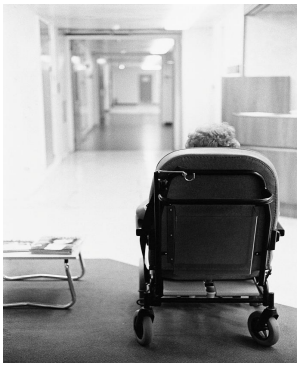
Addressing the Nursing Shortage

Opponents to staffing ratios sometimes claim that it will be impossible for nursing homes to meet the nurse staffing levels that CMS[13] determined would yield quality improvements because there are just not enough nurses to hire. Addressing this concern requires a careful examination of occupation growth trends in addition to asking why nurses and nursing assistants are not entering the occupation, are leaving it or are bypassing nursing home work altogether.

Occupation trends: Despite forecasts of an insufficient nursing supply for the growing population, in 2004 the US Bureau of Labor Statistics reported that the fastest growing occupation is registered nurses. In fact, one explanation for the apparent nursing shortage is the under-utilized workforce. For instance, one-third of nurses in New York State are working part-time. Another factor contributing to the lack of nurses is the lack of professors. Even if more people are recruited to become nurses, nursing schools do not have the space or instructors to train prospective nurses. In 2006, 150,000 nursing applicants were turned away, a pool containing a conservative estimate of at least 30,000 qualified candidates.[14] Thus, we have substantial numbers of people that are ready and willing to fill the need. It is only a matter of making the commitment to preparing them to do so.

For each 1 hour increase in total staffing time per resident, there is a decrease of 2.4 injuries per 100 full-time equivalent workers.

Working conditions: Many experts believe that poor working conditions in nursing homes are the primary reason why nursing home workers leave their jobs. Despite the growth of the RN profession, RNs do not and will not choose to work in nursing homes because working conditions are often intolerable. RNs in nursing homes report the highest levels of workload stress compared to all other RNs working in any other setting.[15] However, working conditions can be improved by increasing the staffing ratios. A study found that for each 1 hour increase in total staffing time per resident, there is a decrease of 2.4 injuries per 100 full-time equivalent workers.[16] By improving working conditions, nursing homes have a greater chance of maintaining the current staff and subsequently recruiting more new nurses.



[13] US Centers for Medicare and Medicaid Services, Prepared by Abt Associates Inc. Appropriateness of Minimum Nurse Staffing Ratios in Nursing Homes. Report to Congress: Phase II Final. Volumes I-III. Baltimore, MD: CMS, 2001.
[14] Webber N. The nurse shortage in New York – where we stand now. New York Nurse. 2007 Jan.
[15] New York State Education Department. Registered Nurses in New York State, 2002 - Volume II: Organizational Climate Factors, Organizational Commitment, and the Culture of Retention, (2003). Available at: http://www.op.nysed.gov/registered-nurses-2002-volume2.pdf
[16] Trinkoff AM, Johantgen M, Muntaner C, Le R, Staffing and Worker Injuring in Nursing Homes. Am J Public Health. 2005 Jul;95(7):1220-1225.

Preparing for the Future

As baby boomers are sandwiched between caring for their children and parents, and themselves getting older, the need for the kind of care that nursing homes provide will grow. A survey conducted by the Pew Research Institute found that of the baby boomers with parents who need assistance, 20% have parents living in an assisted living, continuing care facility or nursing home.[17] A study by the AARP and NAS in 2004 estimated that there are 44.4 million caregivers, which represents 21% of the adult population in the United States.[18] The consequences of the high proportion of caregivers include declines in health[19] and decreased productivity and earning potential[20] of caregivers. If this trend continues, the need for nursing home beds will inevitably rise. Are the nursing homes prepared to care for the aging population?

If nursing homes continue to wait too long, patients who are forced to stay in nursing homes will suffer and the nursing homes will continue to lose revenue. Nursing home admissions have declined disproportionately with need and the patients who are leaving are those with money. The bad reputation of nursing homes is causing those who can afford the choice to look for alternatives.[21] However, it is critical that we recognize that there will always be a need for citizens to have access in their communities to places that provide monitoring and care 24 hours per day for those who cannot live independently safely.

In the CMS report to Congress, the researchers concluded that although it will be difficult to make the initial investment, "the much higher staffing levels found in other countries indicates…that it is possible to move a very substantial distance toward this goal."[22] We owe it to our elderly and disabled loved ones – our parents, aunts and uncles, spouses and partners – to take the first critical steps now.

[17] Taylor P, Funk C, Kennedy C. Baby boomers approach age 60 – From the age of Aquarius to the age of responsibility. Pew Research Center. 2005.
[18] National Alliance for Caregiving and AARP. Prepared by Belden, Russonello & Stewart. Caregiving in the US. 2004.
[19] Evercare and National Alliance for Caregiving. Prepared by Mathew Greenwald and Associates, Inc. *Study of caregivers in decline*. 2006 Sept.
[20] MetLife, National Alliance for Caregiving and National Center on Women and Aging at Brandeis University. Balancing Caregiving with Work and the Costs Involved. New York;1999.
[21] Bishop CE. Where are the missing elders? The decline in nursing home use, 1985 – 1995. Health Aff. 1999:18(4):146-155.
[22] US Centers for Medicare and Medicaid Services, Prepared by Abt Associates Inc. Appropriateness of Minimum Nurse Staffing Ratios in Nursing Homes. Report to Congress: Phase II Final. Volumes I-III. Baltimore, MD: CMS, 2001.